

● Innovations in Strategic Financing for Early Childhood Systems: Examples and Options

The Children's Funding Project

Wednesday, December 5, 2018



Today's agenda

- Who we are
- Quick overview of the range of strategies localities are using to improve strategic financing for early childhood systems
- Examples from a range of localities innovating in this space
- Discussion of Fairfax's possible courses of action
- Q&A (please feel free to ask questions at any time!)

The Children's Funding Project

FIND. ALIGN. GENERATE. EVALUATE.



The Children's Funding Project is structured to:

- Increase understanding of the *Find, Align, Generate, Evaluate* policy levers.
- Showcase communities that map their resources, blend and braid funding, create new dedicated revenue, and assess effectiveness of funding.
- Strengthen local capacity by providing training, tools, and coaching.
- Build momentum for a more pro-active approach to children's funding.

What strategies are localities using to improve financing of their early childhood systems?

FIND

Examining and identifying existing funding streams, and analyzing how well current funding is flowing and how well investments align with stated goals and priorities.

Examples:

- Buncombe County, NC
- Montgomery County, MD
- Denver, CO
- King County, WA

ALIGN

Identifying ways funding could flow more efficiently and effectively and making tough strategic adjustments in how funding is allocated, managed and accounted for within and across agencies.

Examples:

- Montgomery County, MD
- Denver, CO

GENERATE

Identifying new sources of revenue and advocating for their dedication to filling a gap within the early childhood system.

Examples:

- King County, WA
- Denver, CO
- Aspen & Pitkin County, CO
- Kent County, MI
- Memphis, TN

Buncombe County, NC

Funding Sources Currently Supporting the Early Childhood Education System

- Head Start**
Provides funding for very low-income families
- Child Care Dev. Fund Block Grant**
Supports CCR&R
- Title 1 Funds**
Asheville City Schools use to support pre-k classrooms with eligible children in poverty
- NC Pre-K**
Supports admin costs & slots for qualifying families at a higher income level
- State subsidies**
Partially subsidizes child care for working families
- NC Public Schools**
Provides a per-child grant allotment for the Developmental Day Center Program
- Smart Start**
Helps working parents pay for childcare & supports quality improvement
- County funds**
Support CCR&R through the Buncombe PFC and provide in-kind services and buildings
- NC Pre-K**
Supports admin costs & slots for qualifying families at a higher income level
- Gifts & grants***
from private foundations, corporations, & other donors.
- Out-of-pocket tuition**

1,778

- Proposed new, fully-funded slots with reduced provider requirements and expanded eligibility

Unensured preschool-eligible children likely to enroll in new, funded slots.

2,719

- NCPC & Smart Start local partnership providers
- NC Pre-K Providers
- Southwestern Child Development Commission early education and pre school partners
- Buncombe PFC Direct Service Providers & Community Partners

3, 4 & 5-year-olds currently enrolled in licensed pre-K, funded at least in part by a variety of federal, state and private dollars

812

- Unlicensed local childcare providers

Children in unlicensed partial day care (paid for out-of-pocket)

Filling the Gap

What it would take for the Asheville-Buncombe Preschool Planning Collaborative to fill the high quality preschool gap with local funds.

Proposed new funding source to support an expanded early childhood education system

New Local Funds

Support new slots for children via the Asheville Buncombe Preschool Planning Collaborative

1,778 target eligible, available 3, 4 & 5-year-olds

x \$10,774 estimated cost per slot for ABPPC full day, full year quality pre-K

\$19,159,022 estimated cost to expand high quality pre-K to 1,778 additional children

+ \$25,000 / NEW CLASSROOM estimated per classroom start-up cost



Identified:

- All funding streams supporting preschool in Buncombe County
- The number of slots supported by combined funding streams
- The total preschool need in Buncombe County
- The cost of filling the gap between current funding and need



Buncombe County Commissioners created an Early Childhood Education and Development fund in October, 2018 and committed \$3.6 million to the fund annually beginning in 2020.



King County, WA

Best Starts for Kids

DATE ESTABLISHED
2015

DEMOGRAPHY
Urban/Suburban

WHAT IT FUNDS
Comprehensive

ANNUAL REVENUE
\$65,000,000~



POPULATION

2,149,970 (2016)



PERCENT OF CHILDREN IN POVERTY

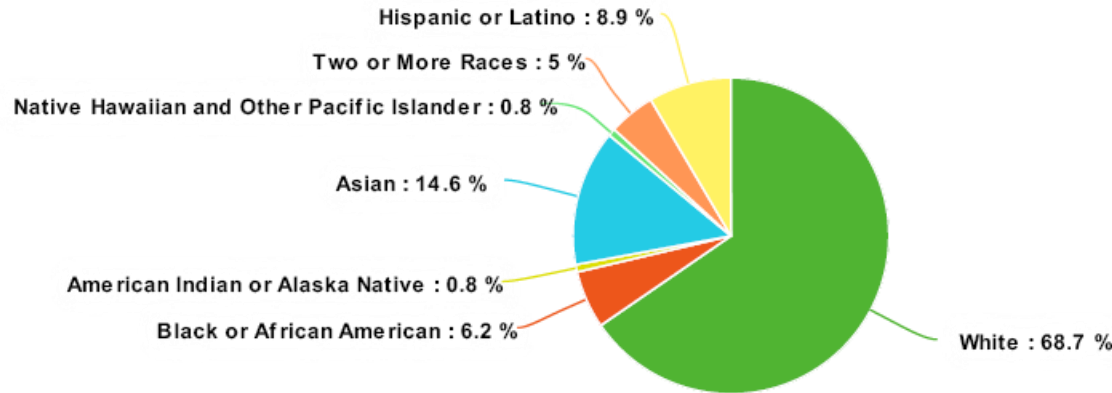
13.6% (2014)



\$ PER CHILD IN POVERTY

\$1,162

RACIAL MAKE UP



BALLOT QUESTION

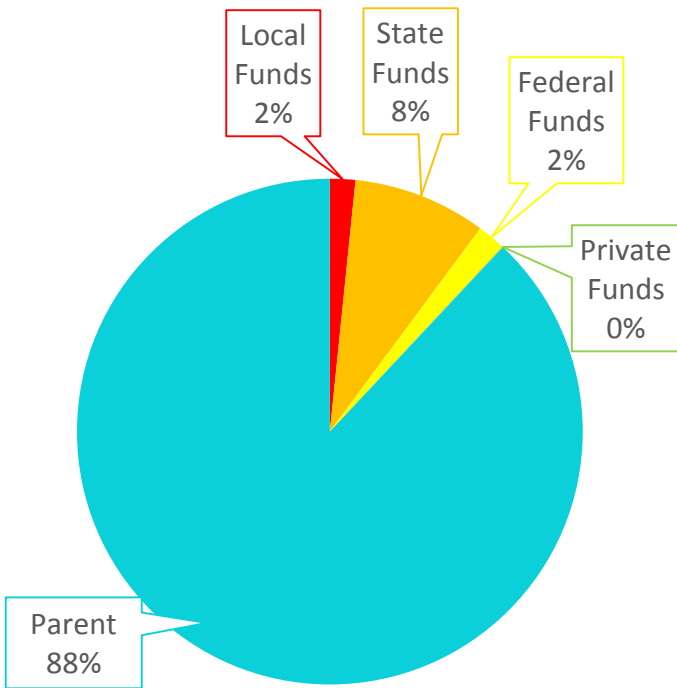
The King County Council passed Ordinance No. 18088 concerning funding to improve well-being of children, youth, families and communities. If approved, this proposition would provide funding for prevention and early intervention to achieve positive outcomes related to: healthy pregnancy; parental and newborn support; healthy child and youth development; the health and well-being of communities; and crisis prevention and early intervention for children and youth, including for domestic violence and homelessness. The measure would authorize an additional regular property tax of \$0.14 per \$1,000 of assessed valuation for collection beginning in 2016 and authorize maximum annual increases of 3% in the succeeding 5 years. Should this proposition be:

- Approved
- Rejected

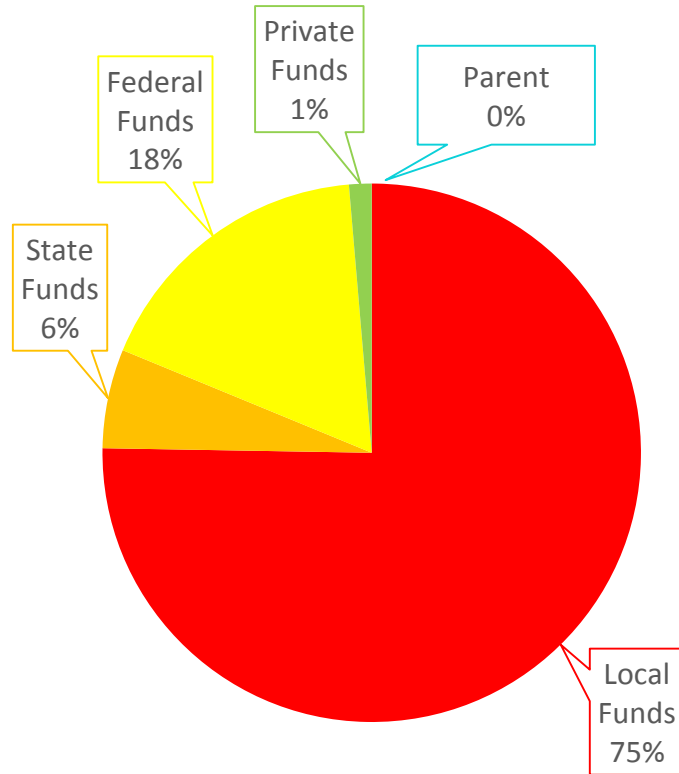


Figure 3: Funds by source (federal, state, local, parent, private) and category

Category 1
Child care/Pre-k



Category 2
Family supports and healthy development



Category 3
System building

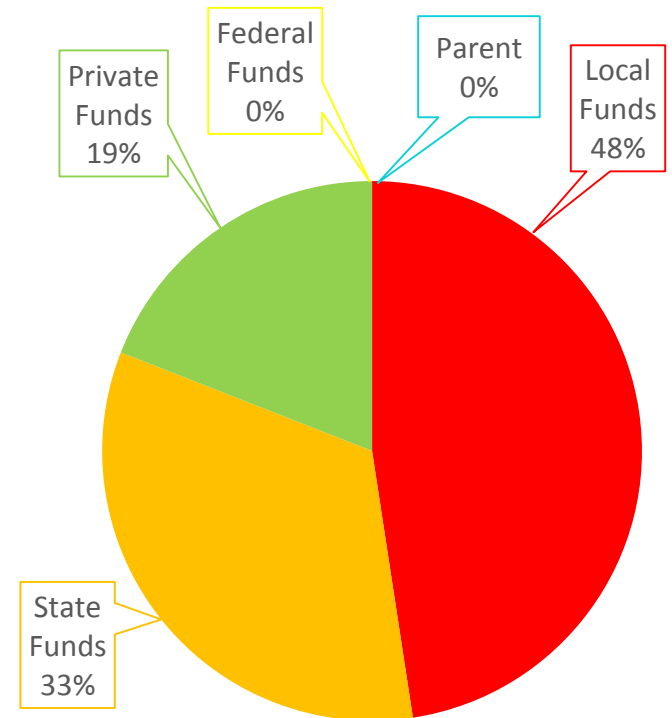


Figure 4: Comparison of parent contribution to early childhood in Montgomery County with all other funding sources

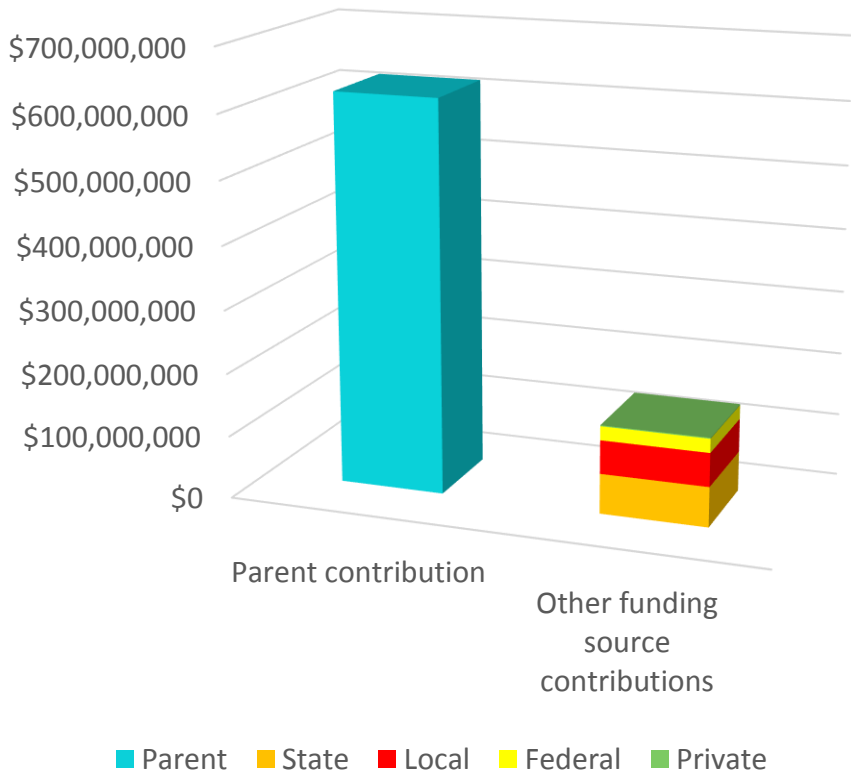
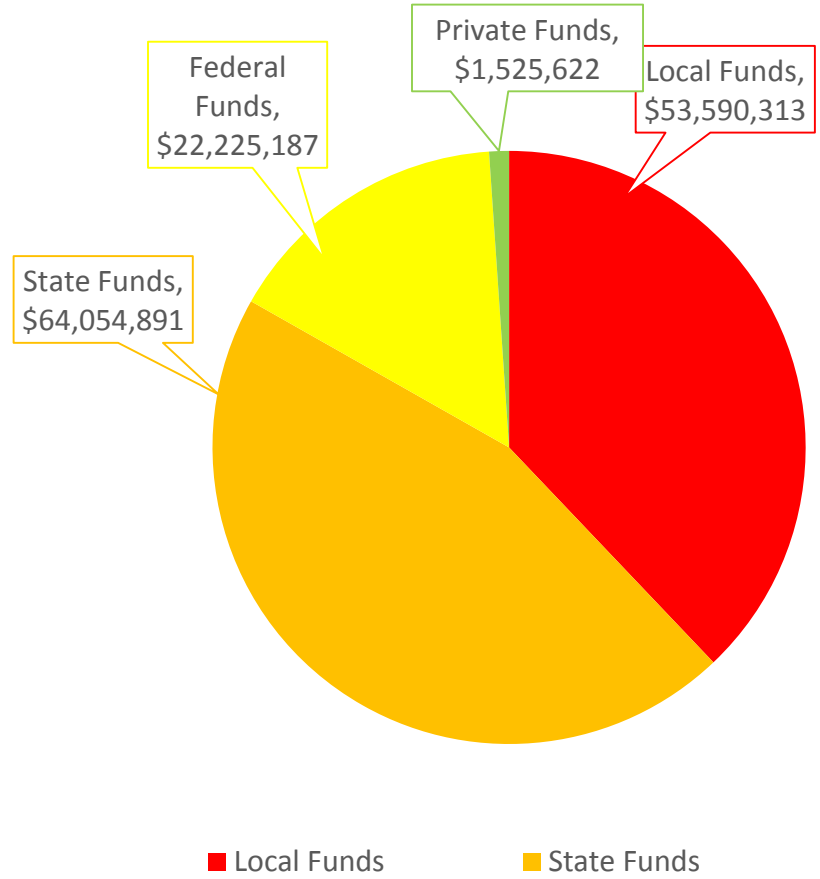


Figure 5: Sources of funding for early childhood in Montgomery County (excluding parent contribution)

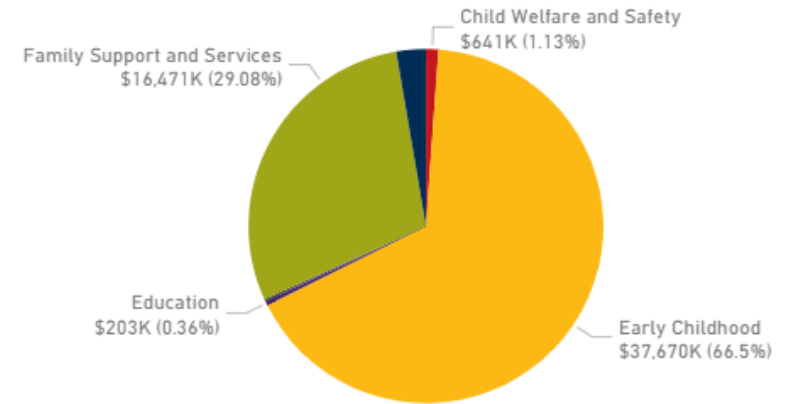


Investments in Early Childhood

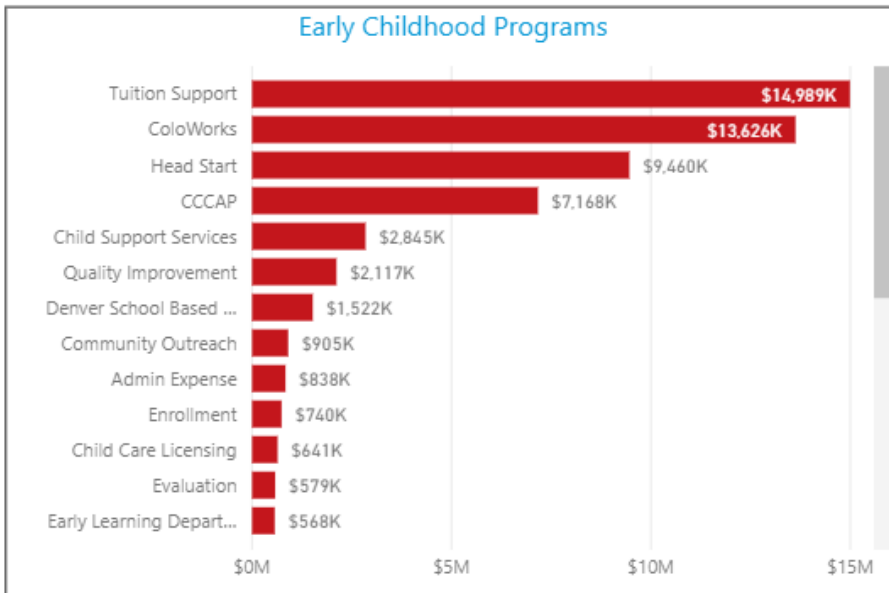
Agency	Early Childhood
Arts and Venues	\$40,750
DEN	\$300
Denver Department of Public Health and Environment	\$640,641
Denver Health and Hospital Authority	\$1,521,823
Denver Human Services	\$23,638,821
Denver Preschool Program	\$20,168,602
Denver Public Library	\$861,700
Office of Children's Affairs	\$9,492,329
Office of Economic Development	\$136,500
Parks and Recreation	\$144,000
Total	\$56,645,465

Early Childhood by Primary Service

- Child Welfare and Safety
- Community
- Early Childhood
- Education
- Employment
- Family Support and Services
- Juvenile Justice and Violence
- Nutrition and Food Programs
- Out of School Time
- Physical Health

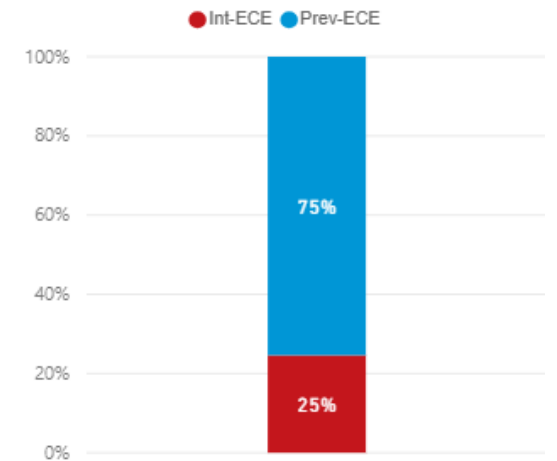


Early Childhood Programs



Program Description

Program Description	Youth Served
Administration included strategic planning and some website services as well as personnel legal and facility expenses.	
Branch storytimes and other programs for birth-5 and their adult influencers	157,922
Countdown 2 Kindergarten is a citywide initiative focused on easing the transition from early education to Kindergarten. C2K is focused on educating and developing parents, communities, and educators to better support their children in early learning and transition to Kindergarten.	500
Denver Preschool Program provides quality improvement resources in the areas of classroom materials, professional development and coaching to participating providers. DPP also conducts CLASS observations to determine the quality of teacher-child interactions. Quality ratings and CLASS observations are used to direct funds to the area that is most likely to improve quality.	
DPP conducts three evaluation studies each year: 1) student progress through the preschool year 2) longitudinal analysis of who well DPP students do in	



Denver Office of Children's Affairs



Goals for Denver's Children

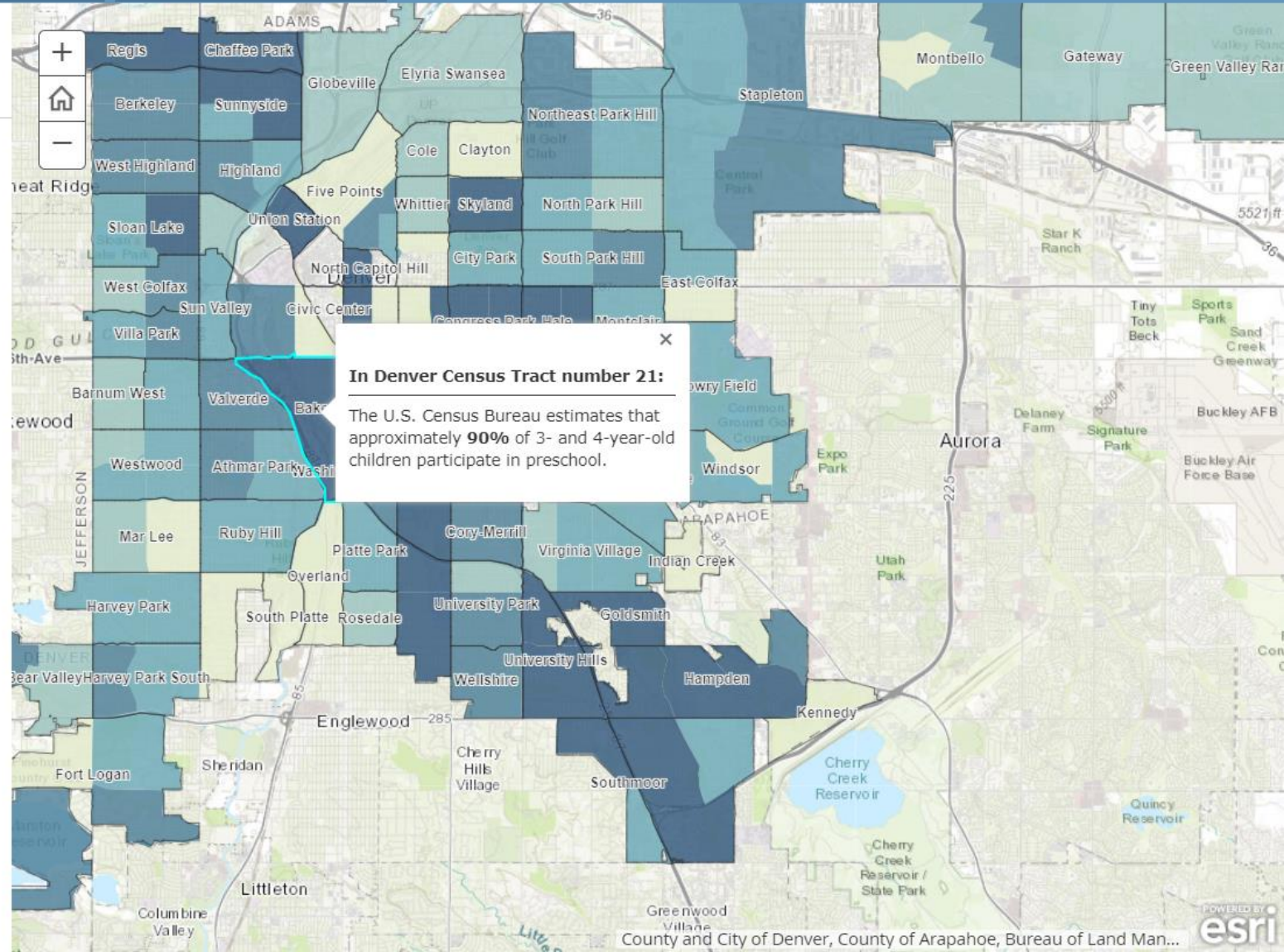
Permanente Colorado.

Early Childhood

The most critical period in a child's development occurs within the first five years of life. The quality of learning experiences at home and school during this period often has a life-long impact on later school success, behavior, and health. Children in high-quality early learning programs demonstrate higher cognitive outcomes as well as non-cognitive skills that are critical for future school success. These benefits of high-quality early learning programs are evident in children from all socio-economic backgrounds but are particularly strong for children in low-income families.

Ensuring that quality child care and preschool is affordable and accessible for all families and children who need it is essential to preparing Denver children for kindergarten and future success.

After a significant increase in 2014, the percentage of three- and four-year-old children enrolled in preschool in Denver has declined to 53 percent in 2016.



Denver Colorado



What is the Denver Preschool Program?

- The Denver Preschool Program (DPP) helps make preschool possible for all Denver families—regardless of income—through tuition support and access to information.
- In addition to serving as a liaison between parents and preschools, DPP works to improve preschool quality, studies how preschool affects kindergarten readiness, and is a national advocate for excellence in early childhood education.

Who funds DPP?

- Approved by Denver voters in 2006 and reauthorized in 2014 to extend to 2026, DPP is funded by a .15 percent sales tax. Through the 2017-2018 program year, DPP has provided nearly \$106 million in tuition support to help more than 50,000 children.

How does DPP use its funds?

- Approximately 80 percent of DPP's funding is distributed to Denver families in the form of tuition credits and to preschool providers for quality improvement measures.
- DPP also dedicates a portion of its funds for community outreach to ensure local families of young children and preschools are aware of the program and its benefits. Furthermore, DPP uses its funds to conduct annual evaluations that analyze the outcomes of children who have participated in the program, as well as ensure DPP operations meet standards of excellence.
- By ordinance, administrative costs are limited to 7 percent of sales tax revenue.

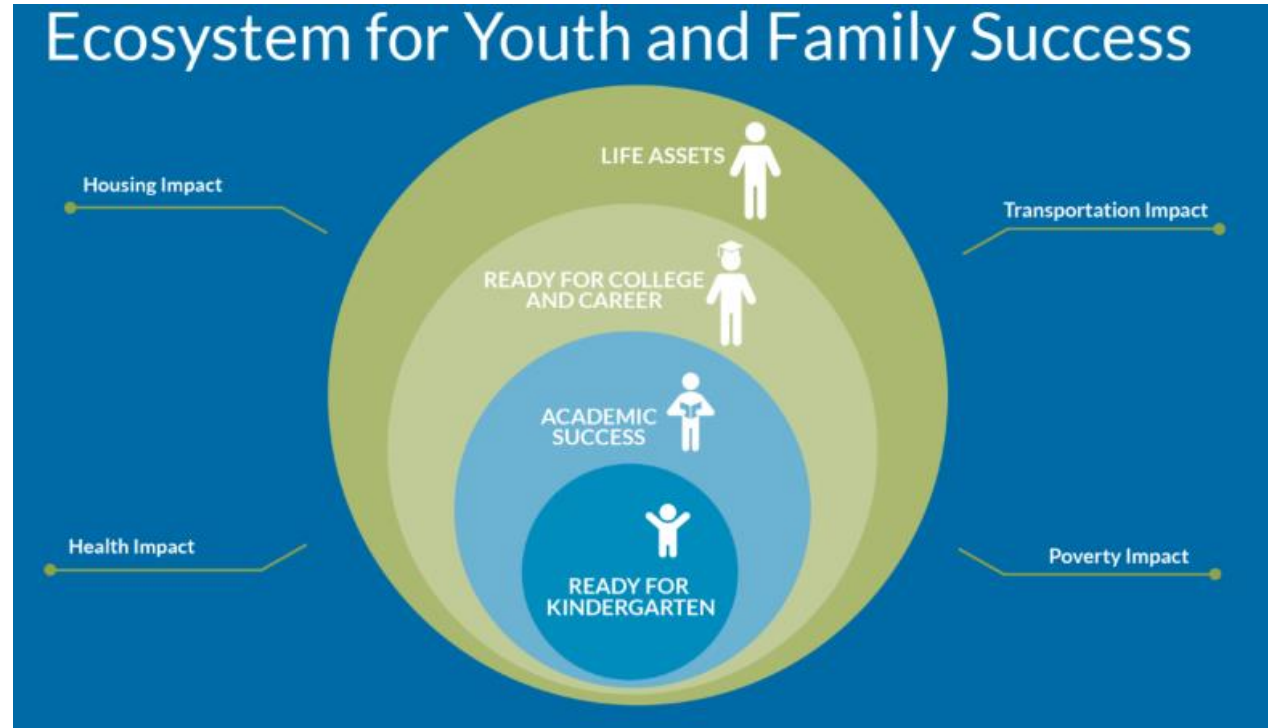
Who manages DPP?

- The Denver Preschool Program, Inc. is an independent, non-profit organization created to operate the Denver Preschool Program under a contract with the City and County of Denver. The DPP Board of Directors provides oversight.



The Kids First program helps families find and afford child care and assists providers in improving the quality of child care.

- **Child care subsidies:** the Kids First program assists families with income up to 500 percent of the federal poverty level, thereby assisting families who do not qualify for a state subsidy.
- **Connection to childcare:** Kids First helps parents connect to childcare opportunities
- **Provider support:** the Kids First program also offers grants to child care providers for quality improvements, professional development, infant and toddler operational support and start-up costs, as well as bus passes for employees, training and technical assistance, substitute staff, quality improvement coaches, grant writing and resource development assistance.





Ready by 5 Early Childhood Proposal

- In 2011 First Steps Kent – a public-private partnership that works to strengthen and coordinate early childhood services – created the *Kent County Community Plan for Early Childhood*
- A 2017 analysis of gaps in services and funding found a gap in funding for prevention and early intervention services (more than half of eligible children not receiving these services)
- 2018 – First Steps Kent proposes a new levy to fill gaps identified

How new funds will be invested

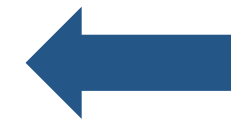
<p>In-home and community-based programs such as nurse home visits – to improve children’s health and development and strengthen parent/child bonds</p>	<p>\$2 – 3.5 million & up to 9,000 served annually</p>
<p>Navigation and referral services to help connect parents with prevention, early intervention, and prenatal care services and maximize use of Medicaid-funded services</p>	<p>\$500,000 – 1 million, up to 5,000 served annually</p>
<p>Early developmental screenings</p>	<p>\$1 – 1.5 million, up to 20,000 children served annually</p>
<p>Evaluation, data collection, TA, and quality improvement for the early childhood system</p>	<p>\$500,000 – 1 million</p>
<p>Oversight and allocation of fund</p>	<p>\$250,000-350,000</p>

Memphis's Seeding Success nonprofit identified gaps in funding across its early childhood system

- *8,400 needs-based enrollment slots for pre-K are needed to reach "pre-K by 2022" goals*
 - 7,420 seats are currently funded and filled
 - 1,000 of those seats are funded by a federal grant that will not be renewed (loss of \$18 million)
 - The cost of this 2,000 seat gap is \$16 million
- *7,000: the number of children who need home visiting services*
 - 1,000 children currently receive home visiting
 - \$7.5 million is needed to provide 6,000 additional seats
- *Lack of collaboration among the area's 800 childcare center necessitates system-building resources*
 - The goal is to create a "shared service" childcare network, which would provide supports including professional development, accounting services, curriculum development and marketing strategies.



CATEGORY 1:
Dedicate local funding from PILOT recapture and 1 cent of existing property tax



CATEGORY 3:
Increase funding from private donations and grants



Local, public, dedicated sources of revenue for early childhood across the country



Sales tax

Aspen/Pitkin County, CO; San Antonio, TX; Denver, CO

Property tax

King County, WA; Cincinnati, OH; San Miguel County, CO; Seattle, WA; Kent County, MI

PILOT recapture

Memphis, TN

Commercial rent tax

San Francisco, CA

Special taxing districts

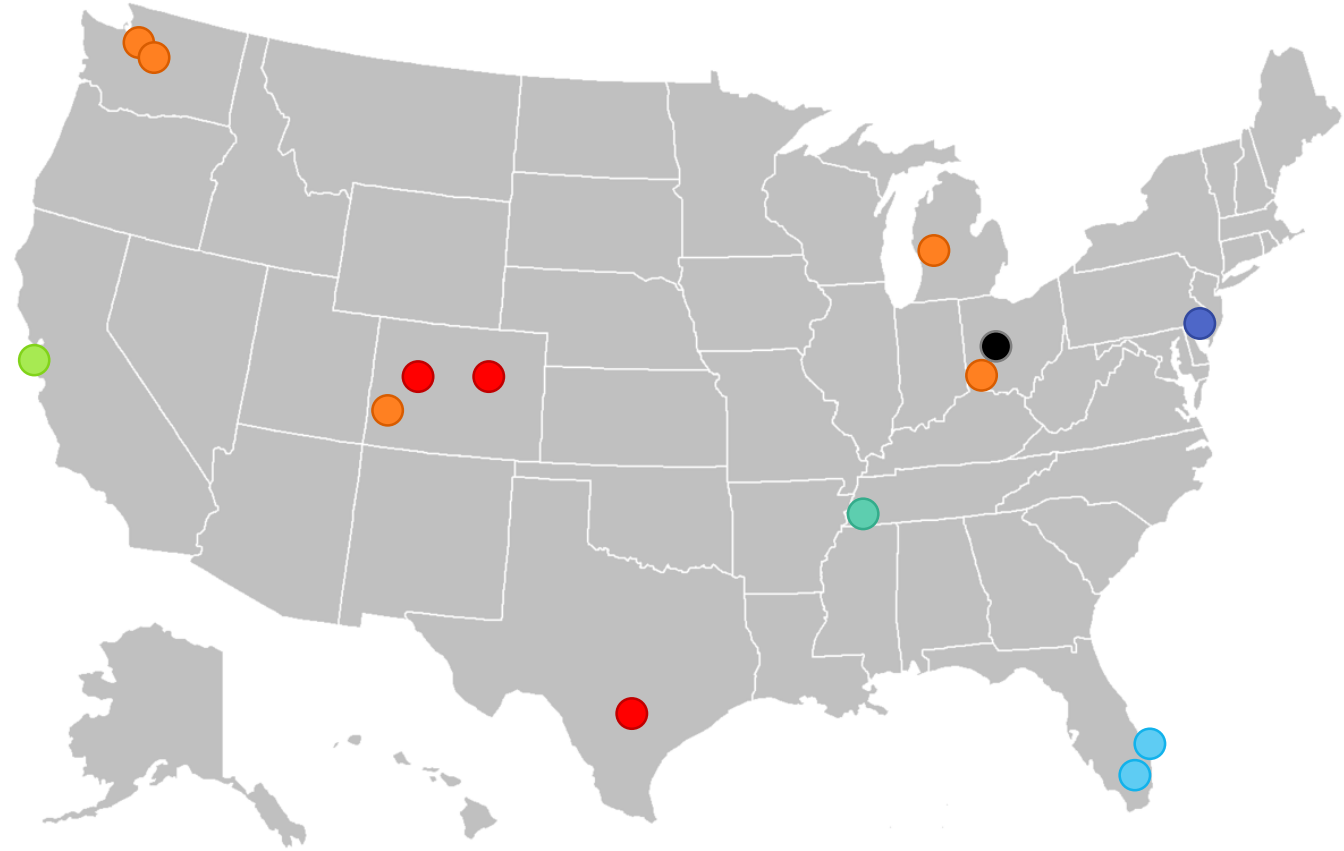
Broward County, FL; Palm Beach County, FL

Sweetened beverage tax

Philadelphia, PA

Income tax

Dayton, OH



Strategic financing in Fairfax

What work is Fairfax County currently doing to improve strategic financing for early childhood?

- Fiscal mapping efforts
- Survey of early childhood programs
- Braiding state, local and federal funding
- Implementing the Equitable School Readiness Strategic Plan (i.e.. Goal 5 – public children’s fund)

What are the scope and parameters of this work?

- What part of the system do you want to investigate/focus on? *System building, family supports & healthy development, early care and education*
- What funding sources do you want to include? *Federal, state, local, philanthropic/private, parent contributions?*
- Where are there inequities in existing systems/access that can be addressed in part by strategic financing? *geography, race, ethnicity, immigration status, socioeconomic status*
- What gaps need to be examined in more detail? *gaps in number of slots, in eligibility for slots, funding for various components of the system, in who is investing in the system, in where services exist geographically, in services available at certain hours, and in quality; lack of compensation parity for educators in public and private programs*
- What is the ideal outcome of this work? *Policy change, increased funding, more effective use of funding, improved access, affordability and availability of quality early childhood programs for families*
- What type of policy change is Fairfax ready to work towards?